

June 6, 2019

5500-4500-52400-02

Richard Gareau, P.Eng.
Exploitation Engineer
Canadian Natural Resources Limited
2500, 855 – 2nd Street SW
Calgary, AB T2P 4J8

Dear Mr. Gareau:

**RE: OFF-TARGET PRODUCTION PENALTY EXEMPTION
CNRL LADYFERN d-44-G/94-H-01 WA 14557**

Commission staff have reviewed the application by Canadian Natural Resources Limited, dated May 31, 2019 requesting waiver of the production penalty factor for the subject off-target well, for oil production from the Charlie Lake formation.

The subject well has been completed in an off-target location due to a recompletion in the up-hole Charlie Lake formation, the well previously completed as a Slave Point gas producer. The well spacing area is presently held under Petroleum and Natural Gas Lease 52489. The Drilling and Production Regulation section 6(5)(c) offers an exemption to Section 6(4) that states:

6(5)(c) an off-target oil well located not nearer than 100 m to the boundary of the location.

The Petroleum and Natural Gas Act defines location as:

“location” means the land described in a permit, license or lease

Both oil spacing units 43 and 44 are included in the above PNG lease, so no off-target waiver is required for this location.

A daily oil allowable of 10.9 m³/d applies to the subject well. For more information on the daily oil allowable calculation and reporting, please refer to the OGC website: <https://bcogc.ca/industry-zone/documentation/Production-Allowables>.

Should you have any questions, please contact Petra Kriescher-Trudgeon at (250) 419-4415 or the undersigned at (250) 419-4430.

Sincerely,



Ron Stefik, Eng.L.
Supervisor, Reservoir Engineering
Oil and Gas Commission